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February 5, 2003

EX PARTE

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, D.C. 20554

Re: CC Docket Nos. 01-338 and 02-33

Dear Ms. Salas:

On February 4, 2003, Herschel Abbott, Fred McCallum, Keith Milner, Jonathan Banks and I, met with Lisa Zaina, Senior Legal Advisor to Commissioner Jonathan Adelstein, to discuss the Triennial Review. The attached documents formed the basis for the presentation.

I am filing this notice in the dockets identified above, as required by Section 1.1206(b)(2) of the Commission's rules, and request that you associate this notice with the record of those proceedings.

Sincerely,

Handwritten signature of Robert T. Blau in cursive script.

Attachment:

cc: Lisa Zaina

Discussion of Proposed Tests for Conversion of Special Access Circuits to Unbundled Network Elements

BellSouth Telecommunications, Inc.

February 3 - 4, 2004

Examples of Economic Impact from Conversion from Special Access to UNE Rates

DS1 - Typical Circuits

SPA Rates					
10 mile circuit					
End User	SPA Loc Ch.		SPA IO	SPA Loc Ch.	Total
	\$123		Ckt + Mileage \$145	\$123	
End User	UNE Loop		UNE IO	UNE IO	
	\$88.92		Ckt + Mileage \$91.65	Local Channel \$38.36	
					CLEC/ IXC POP
					\$391
					\$219

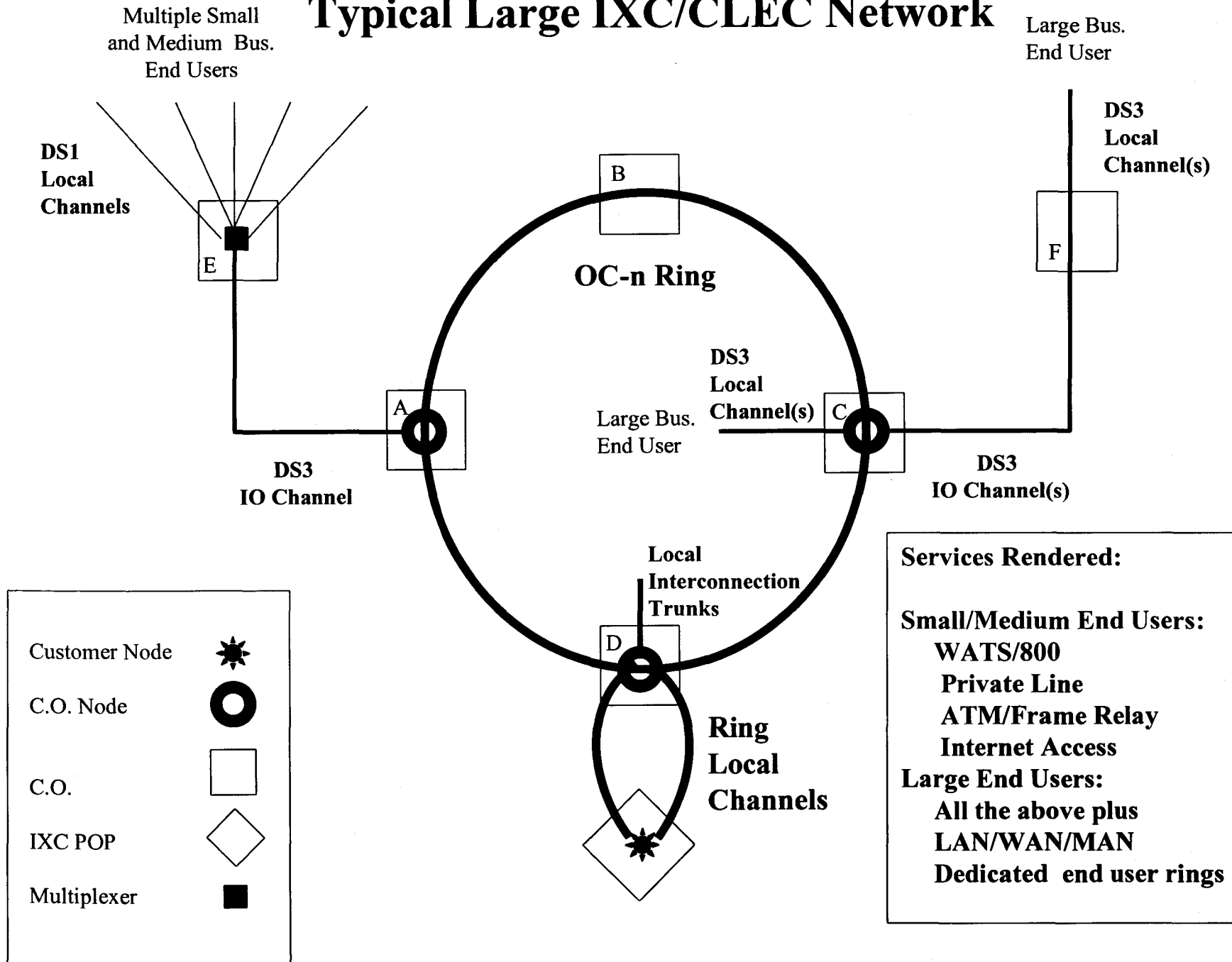
UNE Rates

DS3 - Typical Circuits

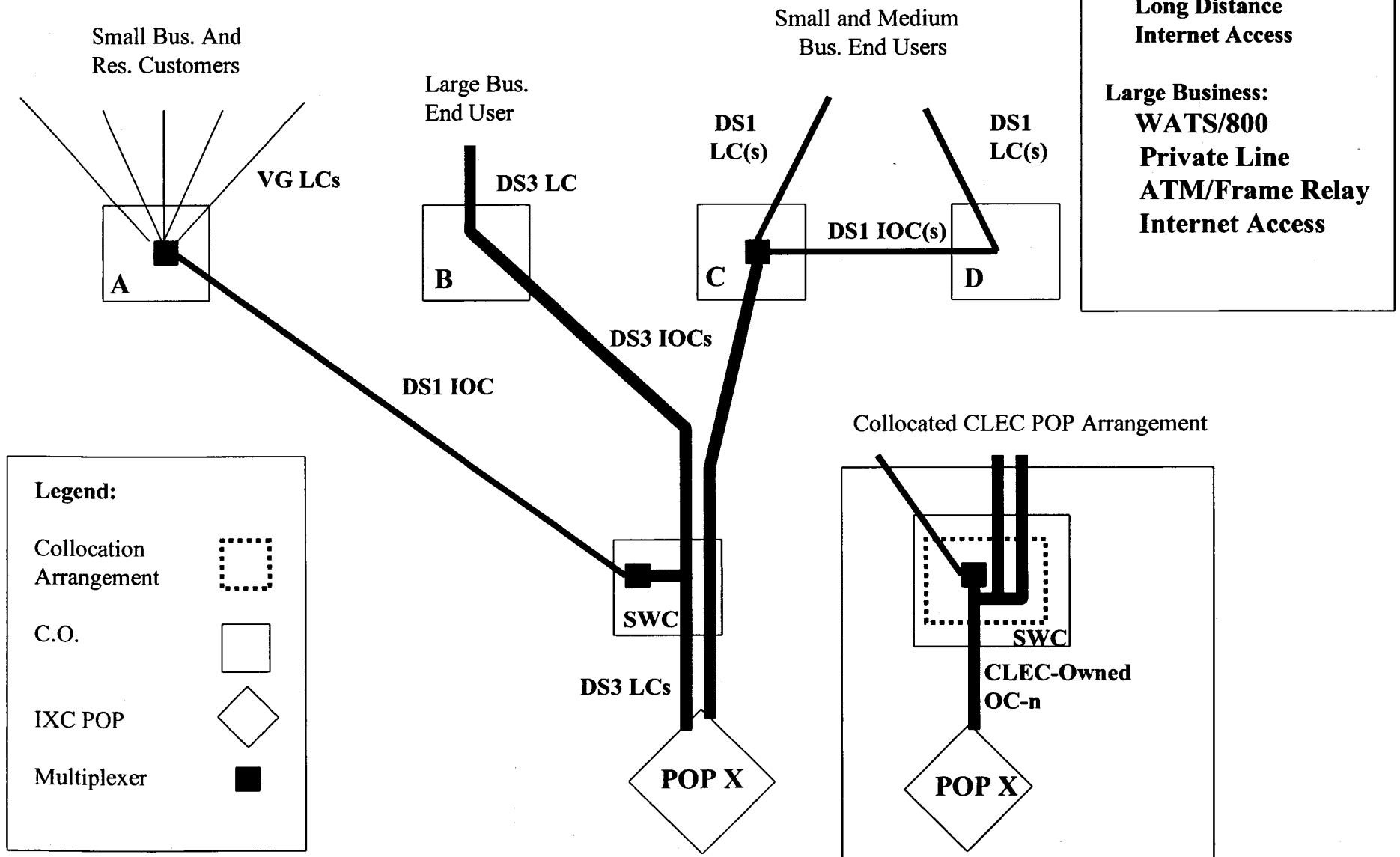
SPA Rates					
10 mile circuit End User 1/4 mi. from C.O					
End User	SPA Loc Ch.		SPA IO	SPA Loc Ch.	Total
	\$1460		Ckt + Mileage \$1275	\$1290	
End User	UNE Loop		UNE IO	UNE IO	
	\$368		Ckt + Mileage \$652	Local Channel \$529	
					CLEC/ IXC POP
					\$4025
					\$1549

UNE Rates

Typical Large IXC/CLEC Network



Typical Small CLEC Network



Contemplated Restrictions Offer No Relief

Contemplated Tests:

CLEC must have collocation in the LATA

CLEC must have interconnection trunks connecting to ILEC public switched network in LATA

CLEC must be certified by state Public Service Commission as a local exchange carrier

Bottom Line:

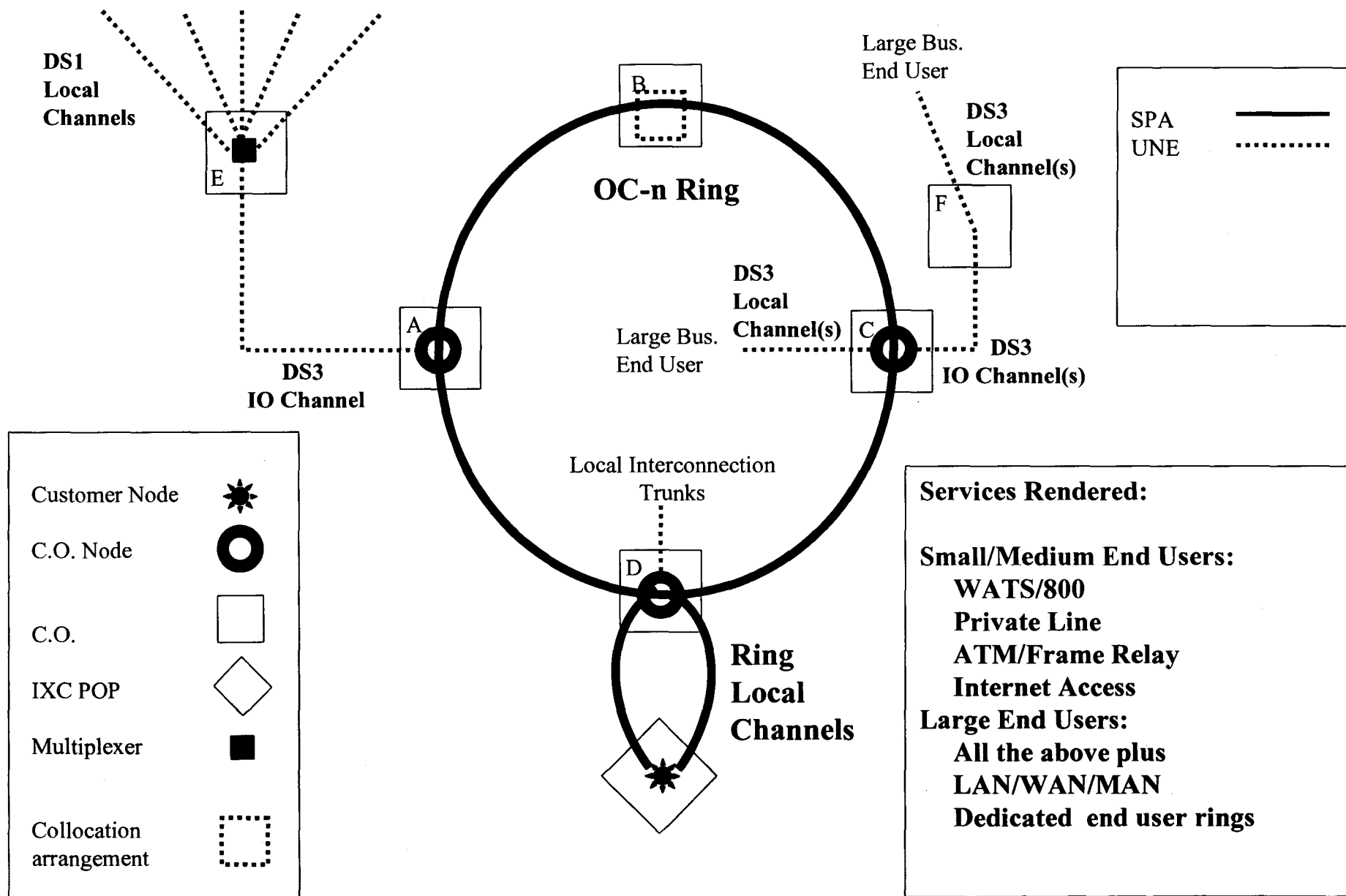
These Tests are too easily attained or could easily be “gamed”.

Carriers Already Have Collocation and Interconnection Trunking And Can Easily and Quickly Become Certificated

LATA	STATE	COLLOCATORS WITH FIBER ENTRANCE FACILITIES
Atlanta	GA	157
Southeast	FL	295
Nashville	TN	36
Charlotte	NC	69
Jacksonville	MS	53
Orlando	FL	68
Raleigh	NC	39
New Orleans	LA	30
Memphis	TN	30
Louisville	KY	17
Birmingham	AL	12
Greensboro	NC	28
Greenville	SC	13
Knoxville	TN	15
Columbia	SC	14
Jackson	MS	21
Baton Rouge	LA	16
Charleston	SC	6
Chattanooga	TN	14
Mobile	AL	7
	TOTAL	940

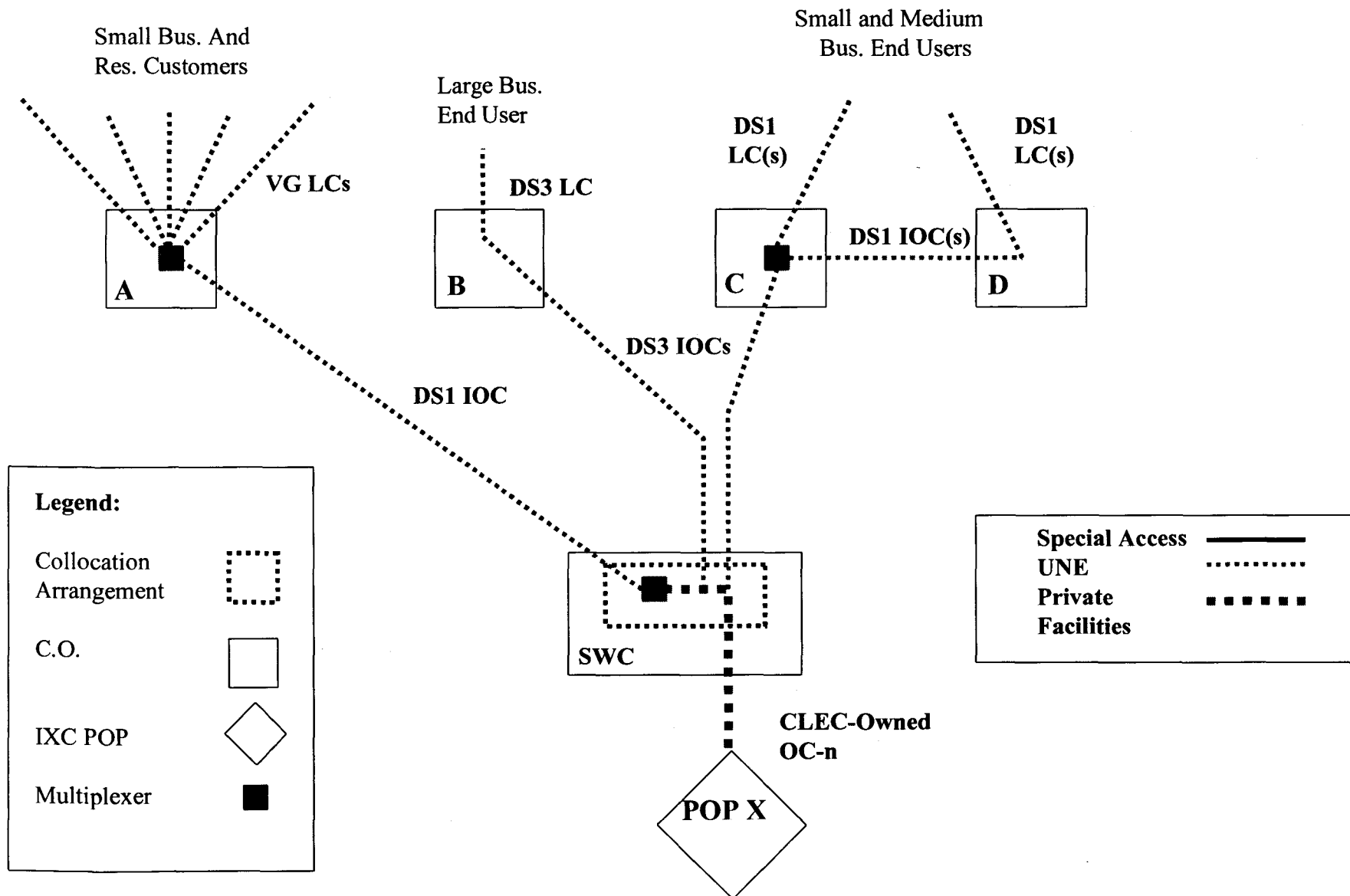
Typical Large IXC/CLEC Network

Establish or Use Collocation and Interconnection Trunks to Meet Test



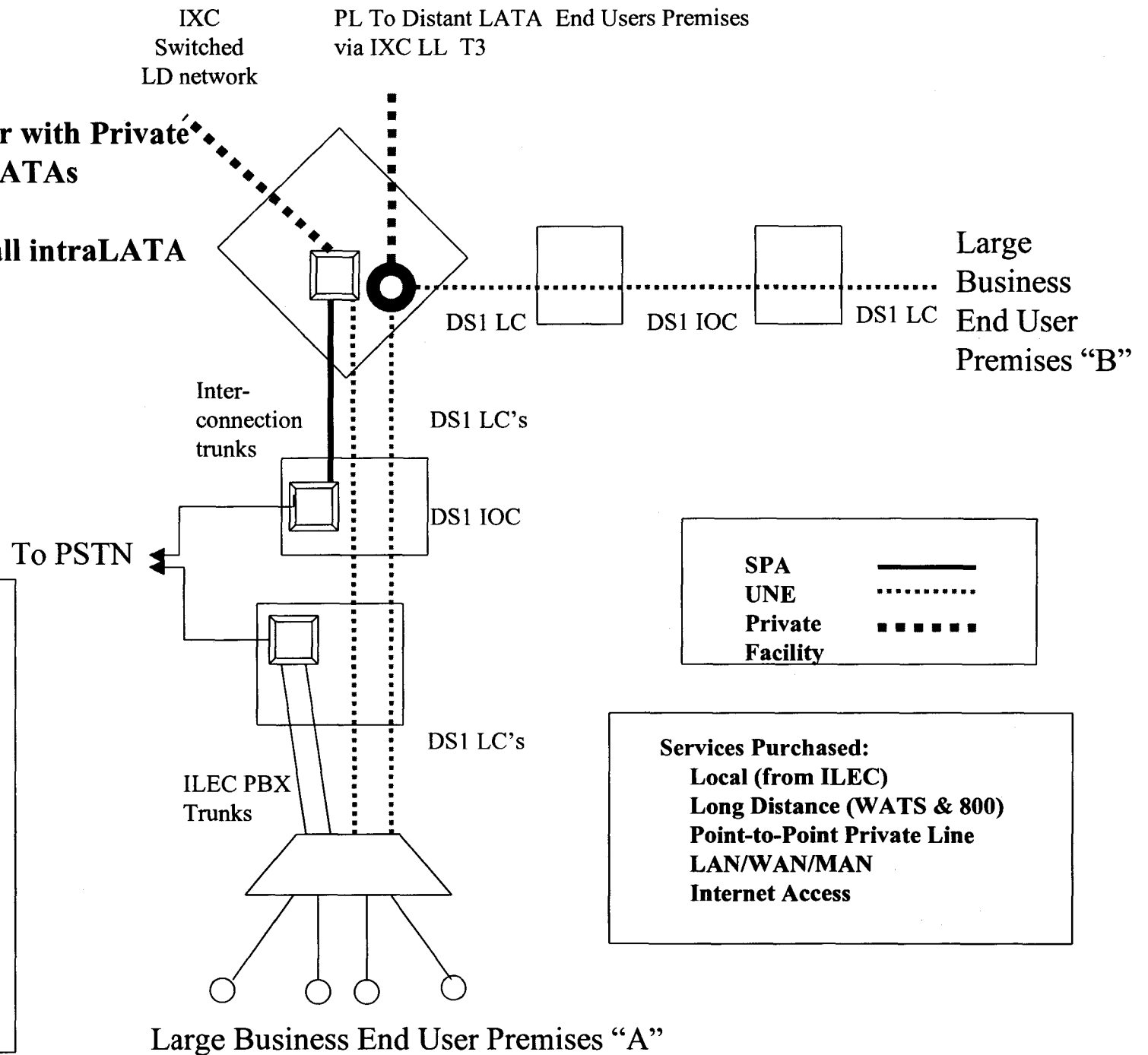
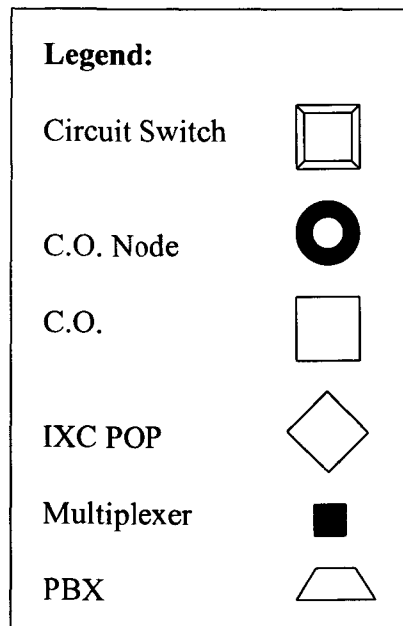
Typical Small CLEC Network

Establish or Use Collocation to Meet Test

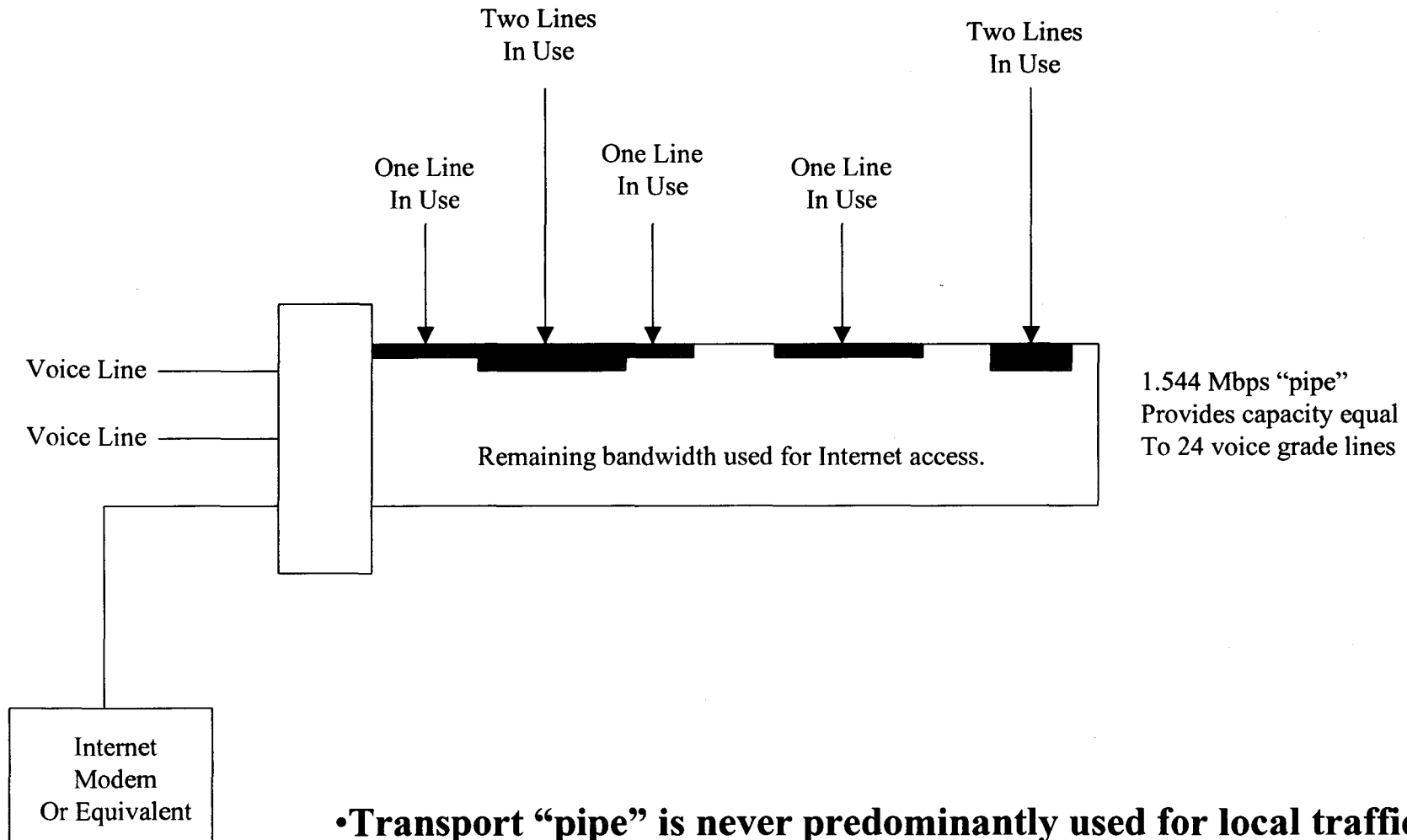


Typical Large Business Customer with Private Lines to Distant LATAs

IXC will convert all intraLATA Elements to UNEs



Typical Small Business End User With Two Voice Lines and Internet Access via Bandwidth Allocation



- Transport "pipe" is never predominantly used for local traffic.
- Effect is even more pronounced for providers that use compression of voice traffic into envelopes of less than 64 Kbps.

Conclusions

Adoption of Proposed Collocation and Interconnection Trunking Tests:

- Gives no weight to lack of impairment as ordered by Supreme and Appeals Court.
- Offers little if any protection from Special Access to UNE conversion “gaming”.
- Does not advance goals of increased competition.
- Merely shifts revenue from ILECs, CAPs and CLECs to IXC.
- Diminishes shareholder value of existing Special Access providers.
- Discourages facilities-based build out and reduces the value of existing ILEC, CLEC and CAP networks.
- Discourages sorely needed investment in telecom equipment market.
- Eliminates internal cross-subsidies which support lower residential rates.